

APPENDIX

ASSET CLASSES & ALLOCATIONS – 2Q 2019

**MOUNT
INVEST**



LIQUIDITY & SIMILAR

Mixed signals in terms of global activity. The FED moved to a very dovish stance. Mild inflation pressures and a downgraded economic forecast are part of the current views. Some developed economies with no engine to run further growth. UK-EU relations near a cliff edge that has been delayed = procrastination is the new trend... The total cumulated debt worldwide stands at USD 180'000 billions! Yet the burden of the debt is manageable but for how long? Central Banks could face the lack of ammunition for the next recession fight = policy tools in a short supply!



FIXED INCOME & SIM.

The FED has turn pessimistic and passive. Still expect eased financial conditions but with a limited policy space, i.e. no much room to move. High yield spreads signal no danger (yet...) but current spread levels could burst and the segment be the "canary in the coal mine". Fears of recession are starting to go higher and curve inversions seen as a pre-downturn (with a 1Y lag on average...). We do not foresee such in the next quarters but probably in 2020 (earlier if trade war does not settle). As volatility is expected to rise, we would argue for a "barbell" strategy



EQUITY & SIM.

Risk appetite is waning. US and global economies are somewhat struggling. Downside scenarios are higher than previous quarters and cautiousness will prevail. As some economists are saying: "the world economy is not running on all cylinders". Take profits and rebalance towards quality. We reduce our direct risk-on exposure on portfolios and will switch to options for exposures. Avoid the equity "value trap"*. Hedge portfolios as current volatility is still low



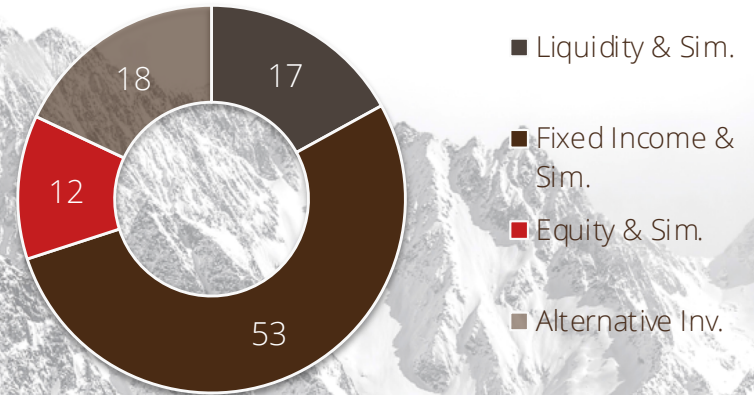
ALTERNATIVE INV. & SIM.

Gold rush followed by soft patch. The precious metal is gaining traction with volatility. Keep or add exposure. Real Estate assets still favored but look at segments to be on the right place. Oil trend is up: targets soon reached, and protections needed soon. Commodities should continue to perform in this late economic cycle. Keep an eye at the Crypto currencies (on a positive run lately). Volatility still lags but should resume in this quarter (during the "sell in May and go away"?). We add options strategies to take part of any spike in the segment

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"Special USD Balanced"



% ALLOCATIONS

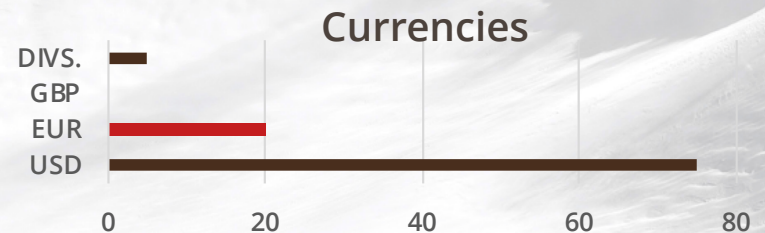
ASSET CLASSES

CURRENCIES

Liquidity & Sim.	17	USD	75
Fixed Income & Sim.	53	EUR	20
Equity & Sim.	12	GBP	0
Alternative Inv.	18	DIVS.	5
	100		100

*Example of a "Special Balanced" portfolio USD based. Not recommended for all investors.

** % opportunistic allocations included in each category (for details, contact your advisor)

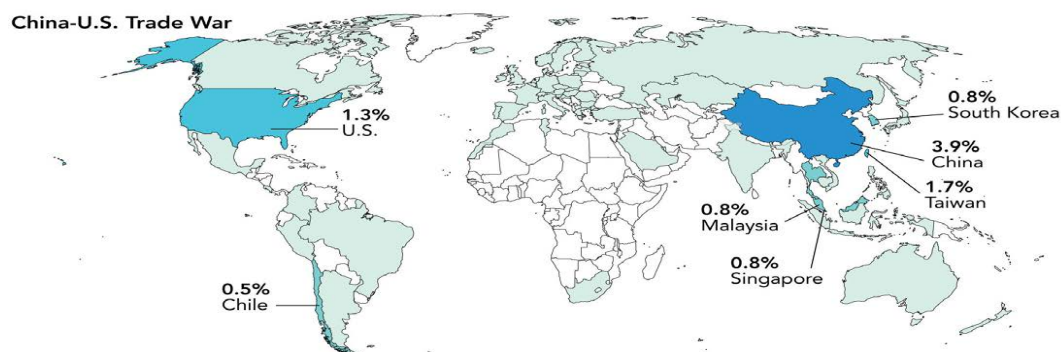


U.S. Forecasts

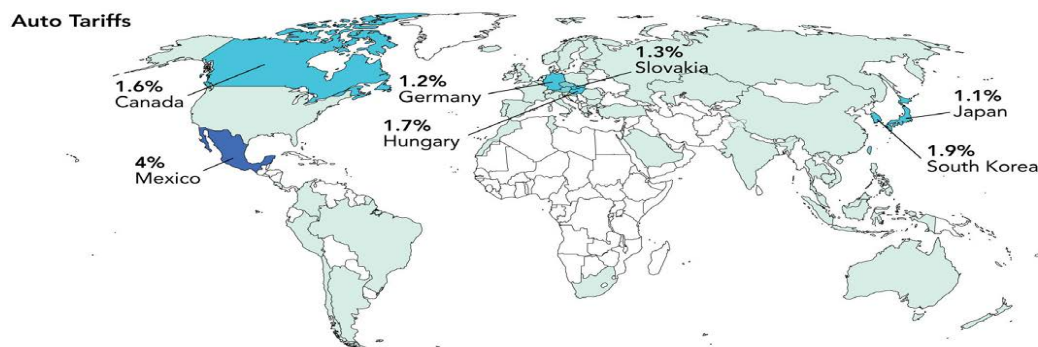
INDICATOR	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	2018	2019	2020
GDP, SAAR QoQ%	2.2	4.2	3.4	2.2	1.5	2.8	2.6	2.6	3.0	2.4	2.1
Unemployment Rate, %	4.1	3.9	3.8	3.8	3.8	3.6	3.5	3.4	3.8	3.4	3.4
Headline CPI, YoY%	2.2	2.7	2.6	2.2	1.6	1.8	2.2	2.5	2.2	2.5	2.2
Core CPI, YoY%	1.9	2.2	2.2	2.2	2.1	2.2	2.3	2.4	2.2	2.4	2.2
Fed Funds Rate, %	1.75	2.00	2.25	2.50	2.50	2.50	2.50	2.75	2.50	2.75	3.00

Share of GDP exposed to trade risk: 0-0.5% 0.5-1% 1-2% 2-3% 3-4% 4-5% More than 5%

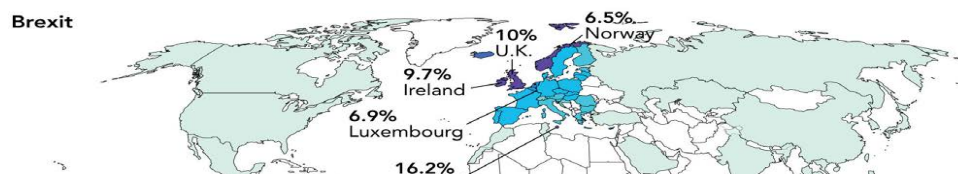
China-U.S. Trade War



Auto Tariffs



Brexit



Euro-Area Forecasts

INDICATOR	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	2018	2019	2020
GDP, QoQ%	0.2	0.2	0.3	0.4	0.4	0.4	0.4	0.4	0.4	1.8	1.1	1.5
Unemployment Rate	7.9	7.8	7.8	7.7	7.7	7.6	7.5	7.5	7.5	8.2	7.7	7.5
Headline CPI, YoY%	1.9	1.4	1.4	1.2	1.5	1.9	1.7	1.8	1.8	1.8	1.4	1.8
Core CPI, YoY%	1.0	1.0	1.2	1.3	1.8	1.8	1.7	1.8	1.8	1.0	1.3	1.8
Central Bank Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.00	0.00	0.25
Deposit Rate	-0.40	-0.40	-0.40	-0.40	-0.40	-0.25	-0.25	0.00	0.00	-0.40	-0.40	0.00
EUR/USD	1.15	1.15	1.15	1.16	1.17	1.18	1.19	1.20	1.22	1.15	1.17	1.22

Mexico Forecasts

INDICATOR	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	2018	2019	2020
Real GDP, NSAAR (YoY%)	2.6	2.5	1.7	1.7	1.9	1.8	2.0	2.1	2.4	2.3	2.2	2.0	1.8	2.2
Headline CPI, (YoY%; Avg.)	4.6	4.9	4.8	4.1	4.2	3.6	3.3	3.7	3.6	3.6	3.7	4.9	3.8	3.6
Core CPI, (YoY %; Avg.)	3.7	3.6	3.7	3.6	3.5	3.5	3.5	3.6	3.6	3.6	3.6	3.8	3.5	3.6
Central Bank Rate (EOP)	7.75	7.75	8.25	8.25	8.25	8.25	7.75	7.50	7.50	7.50	7.50	8.25	7.75	7.50
USDMXN (Avg.)	19.4	18.9	19.8	19.2	18.9	19.1	19.6	19.3	19.3	19.3	19.8	19.2	19.2	19.4

China Forecasts

INDICATOR	4Q18	1Q19	2Q19	3Q19	4Q19	2018	2019	2020
GDP, YoY%	6.4	6.1	6.2	6.3	6.4	6.6	6.3	6.2
CPI, YoY%	2.2	1.6	1.7	1.8	2.0	2.1	1.8	2.0
Central Bank Rate*	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35